

**BEFORE THE POSTAL REGULATORY COMMISSION**  
**WASHINGTON, D.C. 20268-0001**

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**Treatment of Rate Incentives and  
De Minimis Rate Increases for  
Price Cap Purposes**

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**Docket No. RM2014-3**

**COMMENTS OF PITNEY BOWES INC.**

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## **I. INTRODUCTION**

Pursuant to Order No. 1879, Pitney Bowes Inc. (Pitney Bowes) respectfully submits these comments on the proposed revisions to the price cap rules for market dominant price adjustments.<sup>1</sup> Pitney Bowes supports the Commission's continuing review of its price cap rules. The Commission's role in refining and enforcing these rules is essential to the proper functioning of the price cap as the centerpiece of the modern rate system. These comments address: (1) the need to clarify the proposed rule regarding the deletion of rate cells due to the transfer of a product, and (2) the treatment of rate incentives that are not of general applicability.

## **II. DISCUSSION**

### **A. The Proposed Rule Regarding the Treatment of Deleted Rate Cells Should be Clarified**

Order No. 1879 explains that proposed section 3010.23(d)(4) is intended to address adjustments for deleted rate cells that result from the transfer of a product to the competitive products category. *See* Order No. 1879 at 12-13. The Order cites to the example of the transfer of most Single-Piece Parcel Post in Docket Nos. R2013-1 and MC2012-13. *See id.*

Pitney Bowes supports the proposed rule. However, to ensure it is applied only in the intended circumstance, the rule should be revised to explicitly reference the transfer of a product, as follows:

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<sup>1</sup>*See* Dkt. No. RM2014-3, Order 1879, Notice of Proposed Rulemaking on the Treatment of Rate Incentives and De Minimis Rate Increases for Price Cap Purposes (Nov. 18, 2013).

(4) *Adjustment for deletion of rate cell due to product transfer.* For an adjustment accounting for the effects of the deletion of a rate cell due to the transfer of a product to the competitive products category ~~when an alternate rate cell is not available~~, the Postal Service should adjust the billing determinants associated with the rate cell to zero. If the Postal Service does not adjust the billing determinants for the rate cell to zero, the Postal Service shall include a rationale for its treatment of the rate cell with the information required under paragraph (d)(2) of this section.

This change will ensure that the proposed rule is not incorrectly interpreted as changing the established treatment of rate cells that are deleted for other reasons such as the deletion of a rate cell due to a classification change. *See* Dkt. No. R2013-10, Order No. 1890 (Nov. 21, 2013) at 31-32.

In its order adopting final rules in this proceeding, it would be helpful if the Commission explicitly states that the proposed rule does not supersede its prior order explaining the appropriate treatment of deleted rate cells for any reasons other than the transfer of a product to the competitive products category.

**B. The Proposed Treatment of Rate Incentives that are Not Rates of General Applicability is Appropriate and Consistent with Past Practice**

Pitney Bowes supports the proposed changes to section 3010.24. As proposed, the rule would clarify that rate incentives that are not of general applicability would be excluded from price cap calculations. This is the same treatment afforded in the case of negotiated service agreements which are closely analogous to these incentive arrangements. *See* 39 C.F.R. § 3010.24(a). As the Commission notes, this change “would formalize the Commission’s past treatment of [these] rate incentives.” *See* Order No. 1879 at 11.<sup>2</sup> Also as the Commission notes,

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<sup>2</sup>*See e.g.*, Dkt. No. R2013-6, Order No. 1743 (Jun. 10, 2013), at 17 (exclusion of “technology credit promotion” from price cap calculations); Dkt. No. R2012-9, Order No. 1424 (Aug. 7, 2012), at 7 (exclusion of “Mail to Mobile” promotional volumes from price cap calculations); Dkt. No. R2012-6, Order No. 1296 (Mar. 26, 2012), at 6 (same); Dkt. No. R2011-5, Order No. 731 (May 17, 2011), at 9 (same); Dkt. No. R2011-1, Order No. 606 (Dec. 10, 2010) at

this change will address concerns raised by Pitney Bowes and others in Docket No. RM2013-2 that “it would be inequitable or unjust to require non-participating mailers to pay higher rates to recover revenue lost to temporary promotional rates.” *Id.*

### **III. CONCLUSION**

For the reasons stated above, Pitney Bowes respectfully requests that the Commission clarify the proposed rule regarding the treatment of deleted rate cells. Pitney Bowes appreciates the Commission’s consideration of these comments.

Respectfully submitted:

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